

LEEWOOD HEALTH CARE CENTER-PROVIDER NO. 495337
ANNANDALE, VIRGINIA

This Settlement Agreement (hereafter known as the Agreement) is entered into this 23rd day of December, 2003 by and between the United States of America, including the United States Attorney' Office for the Eastern District of Virginia, (collectively "United States"); the Medicaid Fraud Control Unit (MFCU) of the Office of the Attorney General and the Department of Medical Assistance Services (DMAS) on behalf of the Commonwealth of Virginia (collectively the Commonwealth of Virginia); and Leewood Investments and Associates, L.L.C. d/b/a Leewood Health Care Center in Annandale, Virginia ("Leewood"), to resolve the potential civil claims more fully described herein. The above sovereigns and entities are referred to herein as "the Parties."

PREAMBLE

A. WHEREAS, Leewood, located at 7120 Braddock Road, Annandale, Virginia 22003 is a long-term care/skilled nursing facility engaged in the provision of health care services to Medicare and Medicaid beneficiaries;

B. WHEREAS the United States Attorney's Office for the Eastern District of Virginia and the Commonwealth of Virginia (collectively referred to as "the Governments") conducted an investigation arising under the federal civil False Claims Act, 31 U.S.C. §§ 3729-3733 and Virginia's civil Medicaid Fraud statutes, pursuant to Virginia Code Annotated § 32.1 -312 and § 32.1 -313. As a result, the Governments contend that during a period from January 1, 1997 to March 1, 2002, Leewood provided substandard care to residents by failing to provide adequate nursing services in a timely manner in view of the current clinical condition of these residents and by actions or omissions subjected residents to conditions posing unreasonable risks to their

health and well being;

C. WHEREAS, the Governments allege that the above conduct resulted in damages to the Medicare and Medicaid health care programs, in that the Governments contend that the care provided was not in compliance with all existing regulations and standards.

D. WHEREAS, Leewood in entering into this Agreement does not admit that the care provided was inadequate, and further denies any wrongdoing, inadequacy or liability in regard to the care rendered to any resident of Leewood; moreover, this Agreement may not be used to establish liability in any other proceeding;

E. WHEREAS, Leewood has taken certain executive actions designed to provide adequate care to all residents. These measures include the hiring of new management, including a new Administrator and corporate consultant, engaging additional professional staff; eliminating the continuing need for agency nursing personnel; improving quality assurance training; engaging management and gerontological consultants; providing living space enhancements; purchasing equipment to improve resident care; and implementing professionally based policies and procedures designed to deliver appropriate nursing care to all residents;

F. WHEREAS, the Parties wish to resolve this matter in an amicable manner without the need for protracted and expensive litigation;

G. WHEREAS, the Parties agree that this Agreement does not constitute and shall not be construed as an admission of any liability, inadequacy or wrongdoing on the part of Leewood, currently employed officers, agents, and employees of any of the foregoing, and may not be used as evidence of such in any proceeding by either the Governments or any third party;

H. NOW THEREFORE, for and in consideration of the mutual covenants and conditions

contained herein and other good and valuable consideration, the Parties, intending to be legally bound, enter into the following Agreement:

LEEWOOD'S FINANCIAL OBLIGATIONS

1. Leewood represents that it has spent in excess of \$ 1,659,000 on the following improvements at Leewood to ensure the provision of adequate care to the residents of the facility, including those items described at Exhibit A to this Settlement Agreement.
2. Leewood agrees to establish a separate account for the maintenance of a cash reserve in the amount of \$ 50,000 (hereinafter, the "Escrow Account"), the proceeds of which shall be used expressly for Leewood's expenses associated with the remedial measures identified in this Agreement, including quality of care improvements, approved capital expenditures, consultant(s), and other compliance requirements set forth in this Agreement. The initial and continuing costs of additional staff are independent of the funds allocated to this fund; funds from this account shall not be used for such costs. When fully implemented, these additional staff represent \$ 121,000 in additional funds to be spent annually at the facility.

The parties agree that the funds will be placed in the Escrow Account no later than 30 (thirty) days after the date of this Agreement. The parties agree that the account may be maintained by the law firm OberKaler, P.C., 1401 H Street, NW, Washington, D.C. 20005, which shall act as the dispersing agent for these funds.

3. Leewood agrees to provide quarterly status reports to those listed in paragraph twenty (20) of amounts expended by the facility from the Escrow Account to implement the requirements of this Agreement; with the first such status report being due 30 days after the effective date of this Agreement and shall continue every three months thereafter until all such

requirements have been fully implemented. Leewood's Administrator shall certify the status reports. Leewood shall provide such supporting documentation as is requested by the Governments upon request. Furthermore, the corporate consultant specified in paragraphs five (5) and eighteen (18) may make recommendations for further expenditures for specific items and activities beyond those explicitly set forth in this Agreement which shall be considered in good faith by Leewood.

STAFFING, QUALITY OF CARE, TRAINING AND REMEDIAL MEASURES

4. Leewood shall at all times ensure that the facility is staffed with a sufficient number of qualified staff to fully meet the needs of residents as set forth in their comprehensive care plans. All staff shall be deployed throughout the facility in a manner designed to ensure that the individual needs of residents are met.

5. In addition to the payments described in paragraphs one (1) and two (2), Leewood agrees to ensure that a corporate consultant selected at its discretion will spend at least two days monthly at Leewood for the first twelve (12) months of the pendency of this Agreement, and as deemed necessary thereafter, for the purpose of ensuring timely implementation of the requirements of this Agreement. The parties have identified Tiffany Thompson as corporate consultant, and agree that she will be available to give timely advice to facility administrators and staff with respect to remedial measures designed to prevent falls, development and recurrence of pressure sores, timely communication with residents' physicians and family members, timely identification of changes in medical conditions requiring intervention, appropriate medication administration and treatment, timely and adequate pain management, timely performance of laboratory tests and follow-up, adequate nutrition and provision of reasonable personal hygiene

measures. The facility shall maintain documentation to verify these consultations.

6. Leewood agrees to assign a member of the Leewood staff currently serving as a quality assurance adviser to monitor the areas described in paragraph five (5) above to ensure timely and effective steps are taken to prevent problems or deficiencies in these areas.

7. Leewood will implement and/or maintain a monitoring program for falls that will properly assess residents' needs in their care plans and will provide adequate supervision and assistance to prevent falls. This will include, at a minimum, implementation of and compliance with the appropriate standards of practice and guidelines for falls and fall prevention. To this end, Leewood shall have a suitable number of "high/low" beds or procure them as needed; procure mats and place them throughout the facility, as appropriate, to mitigate the impact of unavoidable falls by residents; and procure and utilize safety equipment and assistive devices, as indicated. Leewood will also assess residents for falls/injury risks; develop plans to prevent falls/injuries based on fall/risk assessment; and, properly report/record falls on the residents' MDS documentation. Further, if a resident falls, proper personnel shall conduct an assessment to determine the cause(s) of the fall and revise the care plan as needed.

8. Leewood shall promptly and consistently update resident care plans, ensure timely and effective communication with residents' physicians, and ensure timely notification to resident physicians and family members when there are significant changes in a resident's condition or resident injuries.

9. Leewood agrees to implement and/or maintain a nutritional monitoring program for residents that will fully meet their nutritional needs. This will include adherence to the Nutrition at Risk Committee Guidelines and System Implementation standards attached hereto as Exhibit

B. Clinical decisions shall be based on an individualized evaluation of the resident's nutritional needs. In addition, Leewood shall continue to check the weight of residents at appropriate intervals, ensure that all residents are properly assisted by staff with feeding where needed, and ensure food is served at appropriate temperatures.

10. Leewood will provide each resident with adequate skin care, nutrition, turning and positioning and other services to decrease the likelihood of skin breakdown and the development of pressure sores. Leewood, its agents, employees, contractors, and/or subcontractors agree to abide by the provisions of the Clinical Practice Guidelines for the Prediction, Prevention and Treatment of Pressure Ulcers ("Guidelines") promulgated by the Agency for Health Care Policy Research, now known as the Agency for Healthcare Research and Quality ("AHCPR"); specifically, *Pressure Ulcers in Adults: Prediction and Prevention, Clinical Practice Guideline Number 3, 92-0047* (May 1992) and *Treatment of Pressure Ulcers, Clinical Practice Guideline Number 15, 95-0652* (December 1995) available at <http://www.ahcpr.gov>. Leewood will use the Guidelines as a basis to establish Leewood's individualized care plans for skin and wound care for residents. Leewood shall implement protocols and procedures for skin and wound care that reflect the standards set forth in the AHCPR Guidelines.

11. Leewood will ensure that reasonable personal hygiene measures are afforded to all residents in accordance with all applicable statutes and regulations in a timely fashion.

12. Leewood agrees that effective pain management will be timely offered and administered to all residents in need of medication or other treatment for pain in accordance with all applicable statutes and regulations.

13. Leewood shall ensure that all medication is timely distributed by nursing staff

consistent with contemporaneous professional standards and, where a physician order is required for medication, that medication is administered after appropriate receipt of such order(s) in accordance with all applicable statutes and regulations.

14. Leewood shall ensure that all resident treatments and physician ordered laboratory tests are timely performed and all follow up treatments are promptly and consistently performed, including treatment for pain in accordance with all applicable statutes and regulations.

15. Leewood shall ensure timely and accurate updates to resident care plans in order to ensure timely and effective resident care. Further, Leewood will provide appropriate and timely care to residents with specialized needs, and will ensure that there will be adequate and qualified personnel to meet these special needs. For quality control checks in this area, Leewood, utilizing the services of its Director of Nursing and/or Tiffany Thompson, will perform periodic audits on each nursing unit to ensure all residents' treatments for their special needs are performed on time and performed using professionally accepted medical techniques.

16. Leewood will provide professionally based mandatory in-service training in all areas described in paragraphs seven (7) to fifteen (15) above. All dietary, clinical management, and nursing staff at Leewood shall attend the in-service training as is appropriate for their discipline and level of job responsibilities. Thereafter, this training and such other appropriate professional development and compliance training for the skill areas designated in paragraphs seven (7) to fifteen (15) shall be provided in accordance with the Compliance Plan. All new dietary, clinical management, and nursing staff at Leewood shall be trained in the areas described in paragraphs seven (7) to fifteen (15), as appropriate for his or her discipline, within twenty (20) calendar days of the employee's commencing employment with Leewood. Leewood will at all times maintain a

comprehensive long term training program for all dietary, clinical management, and nursing staff at Leewood to ensure that each is knowledgeable and competent to perform all assigned duties.

17. Leewood agrees to continue to implement professionally based orientation, in-service, and other training programs for staff.

VERIFICATION: CORPORATE CONSULTANT AND MDS TREND ANALYSIS

18. In addition to other provisions of this Agreement, Leewood will direct Tiffany Thompson, as part of her services as corporate consultant to make written recommendations to management officials at Leewood as to areas of care requiring improvement. Ms. Thompson shall tour Leewood within thirty (30) days of the date of this Agreement and make written recommendations within fifteen (15) days thereafter. The consultant's written recommendations will be submitted to the parties named in paragraph twenty (20). Leewood agrees to implement all recommendations made by this consultant if reasonable and appropriate. Thereafter, this consultant shall conduct a final evaluation tour of Leewood twelve (12) months from the effective date of this Agreement. At the completion of the twelve months evaluation tour, Ms. Thompson shall provide an exit interview to appropriate officials of Leewood and prepare a written report detailing findings, including any recommended steps and procedures that, in Ms. Thompson's view, may be implemented to facilitate full compliance with this Agreement.

19. Leewood will retain the services of LTCQ, Inc. to perform analyses of Leewood's MDS data during the pendency of the agreement. Leewood will contract for LTCQ's Q-Metrics Quality Indicators and Quality Measures Services, as well as the Q-Metrics Data Integrity Audit. Leewood's contract with LTCQ will require the quarterly issuance of a Quality Indicators and Quality measures Services report 15 days before the submission of any of the report's described

in paragraph 3 of this agreement, and any other reports required under this agreement.

Leewood's corresponding report will address any adverse trends identified in the Q-Metrics report, including thorough and complete remedial measures to respond to such trends.

Subsequent reports will address whether the previously identified adverse trend has been reversed and any reasons why such trend may not have been. Leewood will require LTCQ, Inc. to submit copies of its reports to each of the parties identified in paragraph 20, below.

20. Leewood shall deliver each of the required reports to the Parties to this Agreement by delivering a copy to the following named persons (or his or her designee) via electronic mail or facsimile, and USPS regular mail, or such other method of delivery agreed upon by the Parties.

Constance H. Frogale
Assistant United States Attorney
United States Attorney's Office
Eastern District of Virginia
2100 Jamieson Avenue
Alexandria, VA 22314
Fax: (703)299-3983

Administrator
Leewood Health Care Center
7120 Braddock Road
Annandale, VA 22003
Fax: (703) 256-5105

Leon Rodriguez, Esq.
OberKaler
1401 H Street, N.W.
Washington D.C. 20005
(202) 408-0640

RECORDS

21. Leewood will continue to enforce policies requiring that all professional standards relating to the proper means of entering and, where necessary, changing information in a medical

record be strictly adhered to. Leewood shall train its staff that falsification or improper alteration of any resident record and other document related to resident care is forbidden. Leewood shall obtain from each employee a signed statement indicating that the employee understands the policy forbidding any falsification or improper alteration, the appropriate manner in which to make entries into medical records and, should a change be necessary, the acceptable means of documenting the changes and the reasons therefore. Leewood further agrees that it will terminate the employment of any person found to have willfully or through deliberate ignorance or reckless disregard caused a falsification or improper alteration of any record maintained at Leewood.

COMPLIANCE and ENFORCEMENT

22. Leewood agrees that it will comply fully with the applicable laws, rules and regulations governing the Medicare and Medicaid programs, including the Nursing Home Reform Act of 1987, as amended and codified at 42 U.S.C. §§ 1395, et. seq., 1396 et. seq.; 42 C.F.R. Parts 483, 488. Leewood further agrees to implement a Corporate Compliance Plan satisfactory to the Governments within ninety (90) days of execution of this Agreement. Leewood assures that it incorporates the policies and principles set forth in HHS-OIG's Compliance Program Guidance for Nursing Facilities, 65 Federal Register 14289 (March 16, 2000). The Corporate Compliance Plan contains a comprehensive set of specific policies and procedures to ensure compliance by Leewood, including such issues as a Code of Conduct; Financial, Employee, Falsification of Records, Service Oversight, and Quality of Care. The Corporate Compliance Plan will be reviewed and approved by the Eastern District of Virginia and Leewood agrees to abide by it.
23. If Leewood fails to comply with any of the terms of this Agreement, or if any of

Leewood's representations or warranties be willfully and materially false, the United States may, at its sole discretion, exercise one or more of the following rights:

a. Seek specific performance of this Agreement, in which case the prevailing party shall be entitled to an award of reasonable attorneys fees and costs; or

b. Exercise any other right granted by law, including civil contempt.

24. If the United States exercises any of its rights under paragraph twenty-three (23) of this Agreement, Leewood specifically reserves all of its rights to challenge, defend and contest any such action.

25. The obligations imposed by this Agreement on Leewood shall be in effect for a period of twelve (12) months from the date of this Agreement.

26. Leewood agrees to provide to the Governments a copy of the results of the evaluations conducted pursuant to this Agreement, including any written plans implemented to correct identified deficiencies.

27. On the first anniversary of this Agreement, Leewood agrees to provide a report to the United States Attorney's Office, Eastern District of Virginia regarding the status of its compliance with this Agreement. This report shall include a description of the specific steps that Leewood has taken to implement this Agreement, including any recommendations made by corporate consultant Tiffany Thompson; barriers or impediments encountered that have precluded full and timely implementation of the Agreement, and the specific steps and/or procedures that have been adopted to overcome such barriers and ensure full implementation of the Agreement; a description of the training programs implemented pursuant to this Agreement; a summary of the activities undertaken in furtherance of these programs; and certification by an

appropriate official of Leewood that all covered persons have completed the required training and that all the information provided is correct.

RELEASES

28. In consideration of the promises made by Leewood in this Agreement and conditioned upon payment in full of the settlement amounts referenced in paragraph one (1) and two (2), the United States and the Commonwealth of Virginia, on behalf of the sovereigns, their officers, agents, agencies, and departments, hereby release and discharge Leewood from any and all civil or administrative monetary claims, actions, causes of action, liabilities, losses, and damages, including attorneys' fees, costs and expenses, which the United States and the Commonwealth of Virginia may have against Leewood, its parents, affiliates, officers and directors and employees under the False Claims Act, 31 U.S.C. §§ 3729-3733, the Civil Monetary Penalties Law, 42 U.S.C. §§ 1320a-7a, the Program Fraud Civil Remedies Act, 31 U.S.C. §§ 3801-3812, Virginia's civil Medicaid Fraud statutes §§ 32.1-312 and 313 of the Code of Virginia, and common law theories of payment by mistake, unjust enrichment, breach of contract and fraud for: (a) any deficiencies cited or found in any surveys or inspections conducted by the Virginia Department of Health at Leewood from January 1, 1997 to March 1, 2002 and (b) the adequacy of care (as described in paragraph B, above) provided during the period January 1, 1997 to March 1, 2002 to all residents of the nursing home.

29. The Parties agree that the releases given in the preceding paragraph specifically exclude the following:

a. Any civil or administrative disputes, adjustments, CMS enforcement actions or claims relating to matters other than those for (1) any deficiencies cited or found in any surveys or

inspections conducted by the Virginia Department of Health at Leewood from January 1, 1997 to March 1, 2002 and (2) the adequacy of care provided during the period January 1, 1997 to March 1, 2002, to all residents of the nursing home.

b. Any civil, criminal or administrative disputes or claims arising under the Internal Revenue Code, Title 26 of the United States Code.

c. Any disputes or claims arising under any express or implied warranties relating to products or services.

d. Any disputes or claims arising under the criminal laws of the United States or the Commonwealth of Virginia.

e. Except as explicitly stated otherwise in this Agreement, any administrative liability, including mandatory or permissive exclusion from federal health care programs.

f. Subject to the enforcement provisions of paragraphs twenty-three (23) and twenty-four (24), any obligations created by this Agreement.

g. Any civil money penalty or termination action by CMS or OMAS, if any such action is based on matters other than deficiencies cited or found in any surveys or inspections conducted by the Virginia Department of Health at Leewood from January 1, 1997 to March 1, 2002 and the adequacy of care (as described in paragraph B, above) provided during the period January 1, 1997 to March 1, 2002.

30. Leewood agrees that all costs (as defined in the Federal Acquisition Regulation ("FAR") § 31.205-47 and in Titles XVIII and XIX of the Social Security Act, 42 U.S.C. § 1395-1395 g, and §§ 1396-1396v, (and the regulations promulgated there under) incurred by or on behalf of Leewood in connection with: (a) the Government's investigations, and Leewood's

investigation and defense of the matter covered by this Agreement, (b) the negotiation of this Agreement, (c) the payments made to the United States pursuant to paragraphs one (1) and two (2) of this Agreement, and (d) any corrective actions taken pursuant to this Agreement that are not related to providing resident care, (including but not limited to the costs associated with filing required reports and certifications) shall be unallowable costs for government contract accounting and for Medicare, Medicaid, VA and FEHBP reimbursement purposes. Unallowable costs shall not include: the cost of additional in-service professional and compliance training for the staff, the costs related to additional personnel, including consultants, hired or retained for the purpose of improving resident care, capital improvements and other expenditures related to this agreement to the extent the cost do not result in the Provider (Leewood) exceeding the Medicaid Prospective Operating Ceiling(s). Unallowable costs shall be separately estimated and accounted for by Leewood and Leewood will not charge such costs directly or indirectly to any contracts with the United States or any State Medicaid program, or to any cost report, cost statement, or information statement submitted by Leewood, to TRICARE, VA or FEHBP programs. Nothing in this Agreement shall constitute a waiver of the rights of Leewood, or any Medicare fiscal intermediary or contractor, or any Medicaid fiscal agent, to examine or re-examine the unallowable costs described in this paragraph.

31. In consideration for such repose and on the terms and conditions contained herein, Leewood fully and finally releases, dismisses, and forever discharges the United States and the Commonwealth of Virginia, its agencies, employees, servants, and agents, from any and all claims, causes of action, liabilities, losses, appeals of remedies imposed by CMS or HHS-OIG, and damages, including attorneys' fees, costs and expenses, which Leewood could have asserted

against the United States, its agencies, employees, servants, and agents before the effective date of this Agreement for: (a) any deficiencies cited or found in any surveys or inspections conducted by the Virginia Department of Health at Leewood from January 1, 1997 to the present and (b) the adequacy of care provided during the period January 1, 1997 to the present on behalf of the nursing home residents. This paragraph shall not be interpreted to prevent Leewood from pursuing amounts due to Leewood as a result of the Medicare or Medicaid cost reporting process.

OTHER PROVISIONS

32. This Agreement constitutes the complete agreement between the Parties and may not be amended except by the written consent of the Parties.

33. The undersigned individuals signing this Agreement on behalf of Leewood represent and warrant that they are authorized by Leewood to execute this Agreement. The undersigned United States and Commonwealth of Virginia signatories represent that they are signing this Agreement in their official capacities and that they are authorized to execute this Agreement and to bind their respective sovereigns to the terms and conditions herein.

34. Each party to this Agreement will bear its own legal and any other costs incurred in connection with this matter.

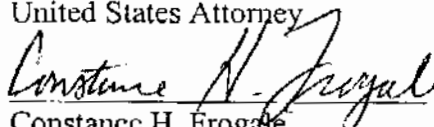
35. This Agreement is legally binding and judicially enforceable by the Parties and it shall be applicable to and binding upon all of the Parties, their officers, agents, employees, assigns, and successors, including any transferees of Leewood.

36. The effective date of this Agreement will be the date of the signature of the official signing on behalf of Leewood.

For the United States:

By:
Paul J. McNulty
United States Attorney

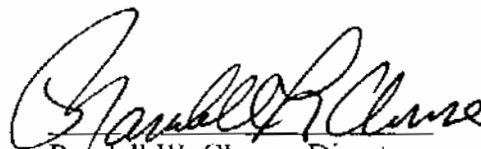
By:


Constance H. Frogate
Assistant United States Attorney

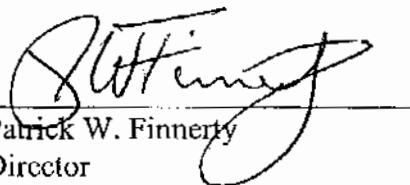
For the Commonwealth of Virginia:



Tracey D. Stith
Assistant Attorney General
Medicaid Fraud Control Unit
Virginia Attorney General's Office
900 East Main Street
Richmond, Virginia 23219

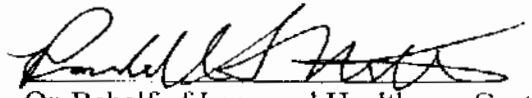


Randall W. Clouse, Director
Medicaid Fraud Control Unit
Attorney General's Office
900 East Main Street
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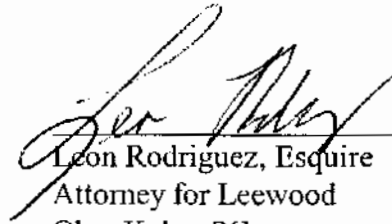


Patrick W. Finnerty
Director
Department of Medical Assistance Services
600 East Broad Street
Richmond, Virginia 23219

For the Defendant:



On Behalf of Leewood Healthcare Center
7120 Braddock Road
Annandale, VA 22003



Leon Rodriguez, Esquire
Attorney for Leewood
Ober Kaler, PC
1401 H Street N.W.
Suite 500
Washington, D.C. 20005

LEEWOOD HEALTH CARE CENTER

Please find outlined below a history of Performance Improvement for Leewood Health Care Center. This plan identifies actions and expenditures already taken, those in currently in progress, and those proposed. The actions taken and those proposed have been carefully chosen to enhance clinical services, improve the resident environment and improve the facility's administrative oversight in especially the following areas:

- Nursing Staffing
- Management of Resident Falls
- Resident Nutrition/Hydration Management
- Resident Skin Management
- Resident Environment

INITIATIVES PREVIOUSLY IMPLEMENTED

Outlined below is a summary of the changes and/or additions to existing staffing levels and clinical programs. The summary includes the time period involved, and to the extent possible the costs associated with such changes and/or additions. Although some of these initiatives were designed to have an impact on various aspects of service delivery, the summary appears under only one heading. For example, although a consulting dietitian provides services to residents at risk for skin breakdown this is only one subset of the entire resident population requiring nutrition and hydration management.

The one initiative that was not easily placed within a single category was the expansion in the provision of Licensed Physical, Occupational and Speech therapy services during 2000, resulting in an increase in costs of **\$120,000 over 1999**. Therapy personnel address clinical issues such as falls prevention, positioning and pressure ulcer prevention, swallowing and self-feeding difficulties, decreased ambulation and performance of activities of daily living. Furthermore, the expanded service delivery experienced in 2000 has been sustained by Leewood Health Care Center in the subsequent years.

Nursing Staffing

During the time period of 2000 to 2002, Leewood Health Care Center took the following actions to upgrade nursing staffing, hire more qualified administrative personnel, and use experienced consultants.

Beginning in 2000, the facility employed an administrative consultant for six months at a cost of **\$50,000**.

The facility employed two additional outside nursing consultants to train staff on the appropriate completion of the residents' assessment instrument (MDS), the completion of resident assessment protocol summaries (RAPS), and the care planning process. The cost for these consultants was approximately **\$50,000**.¹

A new position of restorative assistant was added in year 2000. This individual worked in the areas of nutrition enhancement, hydration, ambulation, falls reduction through appropriate transfer training, and other restorative programs. The additional cost for this individual was approximately **\$26,000** annually.

A part time administrative registered nurse was hired in 2000 to serve as a family liaison, and an evening house supervisor. This individual worked directly with residents and family members who had special needs during the evening hours. (4PM - 8PM). The cost for this additional staff member during this time period was approximately **\$18,000**.

¹ Any dollar amount described as an approximation was, for the purpose of this report, rounded to the nearest hundred or thousand dollar figure. Therefore, the actual expenditure may have been five hundred (\$500) dollars more or less.

A new position of registered nurse weekend supervisor was added in 2000 to provide extra nursing supervision on the weekend shifts. This individual made clinical rounds, assessed residents as needed, assessed staffing needs, and worked directly with residents and families as needed. The cost for this additional position was approximately **\$37,400 annually**.

Total facility nursing salaries are compared as follows for 1999 and 2000.

1999	2000	% Increase
\$2,127,524	\$3,194,781	50.2 %

The nursing costs incurred during 1999 were substantially above average nursing costs per patient day throughout the state of Virginia, yet the facility chose to substantially increase costs increase by \$1,067,257 during 2000. Cost increases that were beyond what the state of Virginia was willing to reimburse the facility through the Virginia Medicaid program. These expenditures reflect the definite commitment on the part of the owner to upgrade not only the quantity but also the quality of nursing staff thereby improving resident quality of care.

By increasing salaries, Leewood Health Care Center expected to accomplish a reduction in nursing staff turnover. To further aid in diminishing turnover, a cultural diversity position was created in 2000. This staff member was hired to assist culturally diverse employees to better assimilate into the work force. The cultural diversity position was also created to promote better employee relationships, assist in the training of culturally diverse staff. Furthermore, it was expected that the improved staff stability and work place environment would lead to improved resident care and outcomes. Hiring this individual represented a cost increase of approximately **\$23,500**.

In addition to salary and benefit expenditures, Leewood Health Care Center invested in environmental modifications and capital equipment expenditures to improve the efficiency of the staff and provide improved mechanisms to record clinical data and assess resident care and outcomes.

Expenditures in 2000

Workstations were purchased along with enhancements to the computer capability for clinical staff in administrative nursing, social services, activities, etc., for a cost of **\$8,000**.

Expenditures in 2001

The resident clinical, MDS, care planning and financial software program was upgraded in 2001 costing **\$58,800**.

Management of Resident Falls

Clinical Falls Prevention Program Enhancements Implemented in 2000

- Identify residents at risk with a star designation placed on door.
- Care plans updated for fall potential, based on risks and causative factors.
- Environmental assessment for potential obstacles.
- Residents experiencing falls are referred to therapy for evaluation and individualized treatment based upon the evaluation results.
- Post fall evaluations are conducted to assist in implementing interventions.
- Weekly meeting to review status and extent of progress.

Equipment Expenditures in 2000

Purchased two resident safety lifts for of **\$7,700**.

Purchased wheelchairs for a cost of **\$2,900**.

Purchased an "aviary" for the resident activity program for a cost of \$3,700.

While focusing on falls prevention, Leewood Health Care Center recognized the struggle to effectively balance the resident's right to be as independent as possible against the facility's obligation to protect the resident's health and safety. It became evident to the staff that a focus on restraint reduction needed to coincide with the falls prevention program enhancements. Thus, the following additional clinical program enhancements were implemented.

Clinical Restraint Reduction Program Enhancements Implemented in 2000

- Only when appropriate, a restraint evaluation is completed on admission or as necessary to determine the least restrictive device to meet the individual residents' needs.
- Physical therapy and occupational therapy involvement in restraint process.
- Restraint reduction committee meets at least quarterly to assess whether the restraint is necessary to promote the residents highest practicable physical, mental or psychosocial well-being.
- Restraint reduction committee evaluates restraint products for effectiveness and safety.
- Restraint reduction committee recommends restraint alternatives when indicated.

Equipment Expenditures in 2000

Installed a "wander guard system" to allow residents to ambulate independently while improving resident security and safety for a cost of \$14,491.

Resident Nutrition and Hydration Management

Clinical Program Enhancements Implemented in 2000

- Registered Dietitian began to review all residents' weights, hydration status monthly.
- Residents identified with weight loss, or having potential for weight loss reviewed weekly.
- Weight loss information made more accessible to CNAs.
- Registered Dietitian performs nutritional assessment and hydration status on all new admissions, and at least quarterly thereafter.
- If significant change occurs, interventions initiated such as medication pass program (i.e., offering high calorie- high protein liquid), increased supplements, fortified food program (foods with enhanced calories and proteins).
- Increased referral to therapy for adaptive equipment assessment, treatment for swallowing difficulties, and training to increase self-feeding ability.
- Appetite stimulants evaluated for certain residents based on nutritional assessment.
- Psychological evaluation performed if needed to assess depression or other potential psychological weight loss factors.
- Weekly weight management meetings to assess residents, evaluate treatment effectiveness, and initiate new interventions.
- Restorative dining program initiated to assist residents in dining retraining and dining assistance.

The cost incurred by the facility for the use of Registered Dietitian consultant services was increased by \$8,000 during the year 2000 over 1999 costs. In addition to the item mentioned above, the Registered Dietitian was involved in addressing the adequacy of facility menus, appropriate portions, dietary sanitation, and other nutritional therapy issues.

Equipment Expenditures in 2000

Purchased a new freezer for **\$1,700**.

Equipment Expenditures in 2001

Purchased a new steam cooker and new steam table to insure more pleasurable dining for a cost **\$13,400**.

Purchased a new food processor for **\$2,600**.

Purchased a refrigerator for a cost of **\$1,400**.

Resident Skin Management

Clinical Program Enhancements Implemented in 2000

- Assessment of residents to determine risk factors for skin breakdown.
- If risks identified, evaluation of the need for pressure reducing devices, incontinency treatment, nutritional status, medical treatment, therapy evaluation, and care planning.
- Initiated weekly resident body audits.
- Initiated new treatment protocol (Smith Nephew wound management system).
- Initiated weekly meetings to review residents' status and treatment effectiveness.
- Initiated weekly wound rounds with physician.

Equipment Expenditures in 2000

Purchased new resident beds for a cost of **\$18,435**.

Equipment Expenditures in 2001

Purchased new resident beds for a cost of **\$4,700**.

Purchased resident recliners for a cost of **\$1,500**.

Equipment Expenditures in 2002

Purchased 46 new pressure relieving mattresses for a cost of **\$6,185**.

Equipment Expenditures in 2003

Purchased 21 new pressure relieving mattresses for a cost of **\$2,976**.

Resident Environment

Expenditures in 2000

Replaced the facility hot water system to improve the delivery of hot water to resident rooms and baths for a cost of **\$58,436**.

Purchased air conditioner units/systems for a cost of **\$22,000**.

Installed a facility water softener system to improve resident comfort for a cost of **\$ 9,600**.

Expenditures in 2001

Upgraded and replaced air-conditioning system and/or units within the resident environment for a cost **\$15,400.**

Purchased resident room furniture for **\$2,600.**

Purchased resident day room furniture for **\$2,500.**

Summary of Expenditures

Leewood Health Care Center expended significant financial resources to improve resident care in several targeted areas. Such expenditures exceeded the level of reimbursement from the Virginia Medicaid program. As such, Leewood Health Care Center had to absorb much of these increased costs. For illustration, in 2001 the Virginia Medicaid program reimbursed Leewood Health Care Center approximately \$500,000 less than the actual Medicaid related expenses incurred for salaries, supplies, equipment, and other upgrades.

Furthermore, these additional enhancements, i.e., use of consultants, staffing cost increases, clinical programmatic changes, and equipment purchases, were all implemented in Leewood Health Care Center solely to improve the residents' care and services, environment and comfort; **and, total over \$1,659,000 of additional costs to the facility.**

PROPOSED ACTION FOR 2003 - 2004

Leewood Health Care Center proposes the following actions during 2003 - 2004 to further enhance the identified targeted areas. Estimated cost associated with these additional improvements is provided. Many of the items listed are already underway. Please note that any item marked with an asterisk* is designated to be funded from the Escrow account.

Nursing and Therapy Staffing

- ❖ Hire a registered nurse consultant to work directly with the facility in the areas of resident falls management, resident nutrition/hydration, resident restraint management, resident skin management, and resident clinical assessment.

This individual will visit the facility at least monthly, more if needed to:

- Attend quality improvement meetings as needed; and regularly review quality indicators, make recommendations for programmatic enhancements if necessary.
- Attend and review findings of the falls prevention committee, restraint reduction committee, nutrition committee and skin care committee, making necessary recommendations for interventions.
- Conduct staff training when necessary, including training in proper assessment protocols to utilize on admission and throughout the resident's stay.
- Provide clinical recommendations to the nursing staff on specific residents as needed.
- Meet with the Registered Dietitian regarding resident nutrition and hydration issues, including resident weight management issues.
- Maintain records of findings and recommendations in order that trends may be evident and used to appropriately address identified issues.
- Meet with the medical director, director of nursing, and administrator as needed to discuss findings and recommendations.
- Periodically review staffing patterns and resident acuity and make recommendations on adjustments.

- Review adverse events to make recommendations on any appropriate policy/procedure
- Review and make recommendations for updating nursing policies, procedures as necessary.

Annual cost for the nurse consultant \$37,000.

- ❖ Increase professional physical, speech and occupational therapists participation in resident care. The goal is to increase therapist hours for rendering clinical service by 25% in 2003 compared to 2002 providing residents greater access to therapies to reduce falls, improve activities of daily living, improve ambulation, and improve quality of life. **Cost \$50,000.**
- ❖ Hire one additional full-time restorative nursing assistant to support the resident assistive feeding program, improve resident ambulation and participate in the resident falls prevention program. **Annual cost \$30,000.**

Management of Resident Falls

- ❖ Replace all resident corridor flooring with new vinyl tile, waxed with slip resistant waxing. The new tile will provide an identical, seamless color and texture throughout the entire facility's corridors, and thus improving the safety for residents with visual and tactile perception deficits. **Cost \$24,600.**
- ❖ Replace all facility handrails with state of the art, easy grip handrails. **Cost \$25,380.**
- ❖ Add additional lighting to the facility main dining room and resident bathrooms. Institutional bathrooms have been widely recognized as resident fall prone areas. **Cost \$9,800.**
- ❖ Evaluate to secure and/or replace all safety grab bars in all resident bath/shower areas. **Cost \$5,000.***
- ❖ Repair and/or replace all necessary elements to the nurse call light system for the Dogwood wing to upgrade the system for maximum performance to enhance staff notification to assist in timely responsiveness. **Cost \$15,000.**
- ❖ Repair and/or replace the fencing in the secure unit outside courtyard and add new picnic tables. This is a quality of life and safety upgrade to continue to allow secure unit residents the opportunity to enjoy outside activities within a safe, secured courtyard. **Cost \$2,500.***
- ❖ Upgrade the central activity common area by adding a big screen television, a corner (electric safe) fireplace with decorative brick hearth and new seating arrangements around the aviary; purchase wing back and other geriatric appropriate chairs, lamps and tables. Enhancing the common area in this fashion encourages residents to participate in meaningful activities throughout the day to diminish restlessness and reduce depression, both of which are risk factors for falls. **Cost \$18,000.***
- ❖ Provide a new resident library for residents equipped with a credenza, book shelving, computer with Internet access and telephone, thus creating a space for meaningful resident activity. **Cost \$7,000.***
- ❖ Purchase five additional low beds for use with residents prone to fall during sleeping hours. **Cost \$2,500.***
- ❖ Purchase treatment tables and balance retraining equipment for the newly renovated rehabilitation therapy department to be used for functional skills development to enhance safety in ambulation, transfers, and activities of daily living. **Cost 4,000.***

Resident Nutrition and Hydration Management

- ❖ Increasing the Registered Dietitian's time at the facility by 50% to focus additional time on the resident assistive dining program, and other residents who are at risk for nutritional deficits. **Annual cost \$8,000.**
- ❖ Paint walls and ceilings of the assisted dining areas in the nursing facility. Add a horseshoe shaped feeding table in this area to enhance the staff's ability to more effectively and efficiently provide services to residents needing assistance with feeding. **Cost \$2,000.**
- ❖ Purchase adaptive feeding utensils and other assistive feeding equipment and devices for the rehabilitation therapy department to retrain residents with self-feeding deficits. **Cost \$130.***

Resident Skin Management

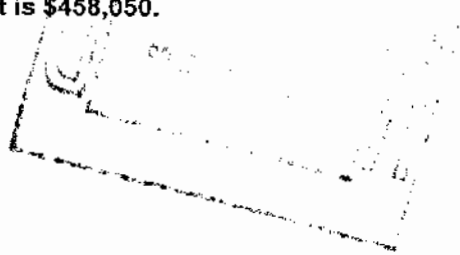
- ❖ Purchase one additional pressure-relieving mattress every other month for a period of 12 months for use with residents determined to be at risk for potential skin problems. **Cost \$1,200.***
- ❖ Purchase wheelchairs, wheelchair positioning devices, and pressure-relieving seat cushions for the rehabilitation department to provide customized seating for resident at risk for developing pressure ulcers. **Cost \$1,940.***

Based upon individual resident skin risk assessments, Leewood determined that its current inventory of pressure-relieving mattresses is adequate to meet its residents' needs. In addition to the designated expenditures from the Escrow account, identified in this Exhibit by an asterisk, there exists a total of \$7,730 undesignated Escrow funds. To the extent that additional equipment items or supplies are needed to render skin and wound care to residents of Leewood, the purchase of such equipment or supplies will be a priority expenditure using undesignated funds from the Escrow account.

Resident Environment

- ❖ Replace the facility roof to prevent any water leakage into resident areas, and to enhance the look of ceilings throughout the facility. **Cost \$120,000.**
- ❖ Paint all resident bedrooms and bathrooms, central bathing rooms, ceilings and door trim; add new wallpaper to all resident corridor walls, and refinish resident room doors. These enhancements will significantly improve resident quality of life. **Cost \$58,000.**
- ❖ Provide new rubber cove base as a finishing touch to the newly painted resident bedrooms, bathrooms and corridors to improve quality of life. **Cost \$13,000.**
- ❖ Provide a new bulletin board for each resident room in the nursing facility. This will provide a decorative, designated area for residents to post their messages, activity calendars, and other items of interest for the residents. **Cost \$3,000.**
- ❖ Renovate the rehabilitation therapy treatment area to provide additional space and enhanced visibility to accommodate the increased service delivery required to meet the needs of the resident population. **Cost \$20,000.**

The total for all proposed 2003-2004 enhancements to staffing, clinical programs, resident environment and quality of life, and consultant oversight is \$458,050.



NUTRITION AT RISK COMMITTEE (NAR)**STANDARD:**

It is the practice of this facility to review and monitor residents who are at high risk for poor nutritional status or displaying weight loss at an interdisciplinary committee on a regular basis. This committee will be represented by various facility departments and will serve as a subcommittee of the Performance Improvement Committee.

PROCEDURE:

1. In order to provide an initial and ongoing assessment of nutritional status, residents will be referred to the NAR committee using the following criteria:
 - a. New admissions (four weeks minimum)
 - b. Residents with physician's orders for more frequent weight monitoring
 - c. Residents deemed by nursing or dietary departments to require closer monitoring of weights.
 - d. Residents who exhibit signs and symptoms of a status change or have been started on a course of medication for which weight monitoring is desirable/necessary
 - e. Significant weight loss or gain
 - f. Residents with trending weight loss.
 - g. Those residents having three days average dietary intake of 50% or less.
2. Director of Nursing and dietary will audit weekly weights, monthly weights and weight histories to determine residents showing significant and trending weight loss/gain. These residents will be reviewed weekly or referred to the NAR committee.
3. The committee meeting will be held weekly or as needed. Members will include nursing staff (DON) or designee, Social Services, Dietary, therapies as needed (OT/ST). Other disciplines as deemed necessary, such as restorative nursing or activity department may attend. The pharmacist (R.P.H.) may be consulted for specific drug related factors such as actions/interactions of medications.
4. Committee recommendations will be followed up by the designated discipline assigned responsibility to intervene. (Attached is a list of possible recommendations to consider based on the individual resident.)
5. The referral of the resident to specialized rehab (OT/PT/ST) will require a physician order for an evaluation, and based upon its findings, would require orders for treatment (s). Specific interventions may require a physician order. Rehab may screen the resident prior to actual order and treatment by rehab services to determine the appropriateness of therapy intervention.
6. The resident with weight variance will continue to be followed at weekly committee meetings (NAR) until the interdisciplinary team feels the problem has been resolved or is unable to be impacted due to the residents' diagnosis or condition. RD to approve final discharge from the committee.
7. Documentation, including assessments, NAR minutes and care planning will be maintained in the resident medical record. All weights will be logged in the resident medical record.

SYSTEM IMPLEMENTATION:

STEP 1 IDENTIFY RISK RESIDENT

- Weekly Skin Reports
- Monthly weight Reports (Must go back 7 months. Calculate 1 month, $\geq 5\%$; 3 month, $\geq 7.5\%$; and 6 month, $\geq 10\%$ weight variance)
- Weekly Weight Reports ($\geq 1-2\%$ variance significant)
- Tube Feeding / TPN List
- Dialysis Residents
- Residents on Bowel Program
- Residents with Feeding Assistance
- Residents with Adaptive Devices
- Hydration Cart List with residents noted who are identified at risk for dehydration or have a diagnosis of dehydration
- Lab work
- Residents with contraindication for fluid
- Residents on a physician ordered weight loss programs.

THE NUTRITIONAL AT RISK COMMITTEE

REGULAR MEETINGS

The NAR committee should meet weekly to review all significant weight loss and gains, as well as follow-up on those at risk including new admissions. The NAR committee meeting is one good way to get communication going and to ensure the input of all disciplines to correct and intervene with the resident's needs. Concerns involving residents, the systems as well as delivery of service can be addressed here and decisions for improvement can be made.

MANAGEMENT SUPPORT

If the NAR committee is to be a success, it must receive the support of the facility's management. If members are to believe that their committee efforts are worthwhile, they must see their concerns taken seriously by their superiors. This support is essential for the development of successful NAR committee program.

SELECTING REPRESENTATIVES

A committee is as good as its members. Selection of each associate should be made by the Administrative Team. You want people that have a sincere interest in the nutrition programming and demonstrate leadership ability to help motivate others in nutrition promotion activities.

Consider including the personnel for the following list:

- Administrator
- Director of Nursing
- Nursing Staff, Licensed Staff, C.N.A.
- Dietary staff-Registered Dietician, Dietary Manager
- Social Services
- Activities Director
- Rehabilitation Staff-Speech, Occupational and Physical Therapist

Rotate certain representatives. For example, the C.N.A.'s on a six month basis to increase participation.

MEETING TIMES

The NAR committee should meet periodically (weekly is recommended). The meeting times and places should be made known to all members at least one month in advance to coincide with the registered Dietician visits.

MEETING LENGTH

NAR committee meetings should incorporate would/pressure sore meetings. The length of time on the average is one hour in length or longer if there are pressing issues. Remember that the purpose of the meeting is to improve nutrition programming. Care planning issues should be addressed at care conferences. Some suggestions would be to isolate lengthy issues and call for a separate meeting to address it.

RECORD KEEPING

The NAR committee should keep adequate records of committee business. In particular, these should show decisions made by the committee, parties responsible for the implementation, and progress updates. Individual progress notes and records should be considered as part of the permanent record and general notation should be kept as a PI file.

AGENDA

A suggested agenda for the NAR meeting is given below:

- a. Review of the old business (trends, history, previous load, ect.)
- b. Review of recent additions (new admissions, change of conditions, hospitalizations, etc.)
- c. Assessment of causes, medical conditions. Legal, ethical issues addressed.
- d. Recommendations for improvement of programming as identified. Individually and as a systemic change.
- e. Discuss interventions and plans. Submit recommendation to the care plan team and/or physician.
- f. Progress or lack of progress and any revisions.
- g. PI activities conducted and results.

CONDUCT INSPECTIONS

The NAR committee may be involved in assisting with facility inspections for compliance. "Compliance" refers to regulatory as well as all Grace Healthcare policies. These inspections should be conducted by the committee members on a rotating basis so that everyone shares in the learning experience.

Conduct satisfaction survey relating to dietary and meal services twice a year. Do meal rounds once a quarter and note any trends identified. Random chart audits involving significant weight losses or gains. Attend plan of care once a quarter on residents tagged as significant weight loss to gain insight into flow of combinations from the NAR committee to the care planning team. Do list comparisons of weight history, NAR list based on the NAR assessments, reassess sores master list, and dehydration status.

PROMOTE ASSOCIATE INVOLVEMENT

Associate involvement is the key to success. The committee should therefore be charged with administration of associate involvement programs, contest and recognition. The committee can also generate new ideas from associate involvement. Consider posting the date from trends and progress to generate interests.